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Approved by:

Holly Higgins
U.S. Embassy

Prepared by:

A. Govindan, Deepa Dhankhar, Amit Aradhey

Report Highlights:

Inflation eases further, Pusa 1121 Rice Exports Allowed*, *India prepared against stem rust threat in wheat*, *India-ASEAN FTA negative list covers mostly farm goods*, *Six months on, GM crops panel wants expert off board*, *Boom attracts wine importers, government policies drive them away*, *Cotton MSP raised by 40 percent*.

Includes PSD Changes: No
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Trade Report
New Delhi [IN1]
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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INFLATION EASES FURTHER

The wholesale price index (WPI)-based inflation rate eased to 12.34 percent for the week ended August 23 from 12.40 percent in the previous week, mainly as fallout of the decline in prices of food articles such as fruits and vegetables. Analyzing the WPI data, the Finance Ministry asserted that the rate of inflation for 30 essential commodities had declined to 6.90 percent from 7.24 percent during the period. In the 'primary articles' group, it noted that 18 out of the total 98 articles had shown a decline in prices, which included rice, sorghum, mung beans, lentils, pigeon peas, tomatoes, peanut, mustard seed, castor, linseed, marine fish, and raw rubber. (Source: The Hindu, 09/05/08)

PUSA 1121 RICE EXPORTS ALLOWED

The Director General of Foreign Trade (DGFT) lifted the ban on export of Pusa 1121 variety of rice (a premium quality rice) subject to port restrictions and after due registration with the Agricultural and Processed Food Products Export Development Authority (APEDA), with a minimum export price of \$1,200 or Rs. 48,000 per ton. The exports of such non-basmati rice would be allowed only effective October 15, 2008. Reacting strongly to the Commerce Ministry's decision to allow Pusa 1121 variety as non-basmati rice, the All India Rice Exporters Association President, Mr. Vijay Setia, said the variety came out of 'Basmati Development and Improvement Program'. By notifying this as non-basmati rice, the government has disregarded the considered views of farm scientists/institutions. He said the government should review its latest notification and notify Pusa 1121 as evolved basmati [not as non-basmati] so that all rebate and concessions available to traditional basmati in the European Union and duty benefit would not be denied to the growers of Pusa 1121. However, Agriculture Secretary, Mr. T. Nanda Kumar said that "so far we have not declared it [Pusa 1121] as basmati rice and this can be exported as non-basmati rice." (Source: Business Line, 09/05/08)

Post Comment: The DGFT notification can be accessed from <http://164.100.9.245/exim/2000/not/not08/not3708.htm>

INDIA PREPARED AGAINST STEM RUST THREAT IN WHEAT

To prevent any occurrence of stem rust fungal disease in wheat (Ug099), the Indian Council of Agricultural Research (ICAR) has formed a special team to survey and monitor the summer wheat crop in parts of the country. India is proactively participating in the Borlaug Global Rust Initiative Program as its core member to be in a state of preparedness against any serious consequences because of this disease. In November 2008, India will host an International Conference on "Wheat Rust Ug99 - A Threat to Food Security", for addressing the importance and also forging a regional/ global strategy to address this threat. (Source: The Hindu, 09/03/08)

INDIA-ASEAN FTA NEGATIVE LIST COVERS MOSTLY FARM GOODS

India's negative list under the India-Asean free trade agreement (FTA) under which no tariff concessions would be exchanged covers mostly agricultural products, processed food and fruit juices, natural rubber, textile and textile products, chemical and petro chemical products and auto parts. Imports under this negative list would not exceed five percent of total bilateral imports by India with any one of the ten Asean member countries. The products so covered include honey, cut flower, vegetables, coconut, and cashew nut. Most fruits, grains (wheat, maize, rice, millet), peanut, copra, soybeans, cotton, sunflower seed, castor oil, sesame seed, mustard seed, beer, wine, whisky, rum, gin, vodka, tobacco and products, milk and milk products, fish and fish products, poultry and poultry products also come under the negative list. On India's highly sensitive list, beginning 2009 through 2018, the import duty on palm oil would come down to 37.5% from the bound level of 80%; refined palm oil to 45% from the current 90% bound level; black tea, pepper, and coffee to 40% from the current 100%. (Source: Business Line, 08/30/08)

SIX MONTHS ON, GM CROPS PANEL WANTS EXPERT OFF BOARD

The Genetic Engineering Approval Committee (GEAC) decided to seek a modification to the February 13 Supreme Court order which had asked the thirty member regulatory body formulated under the Ministry of Environment and Forests to invite an independent expert Mr. P.M. Bhargava in its deliberations. The Supreme Court had proposed to appoint an independent expert six months ago to address the concerns of a petitioner. The petitioner had raised concerns over the improper constitution of GEAC as it lacked transparency in the absence of independent experts in determining the bio-safety aspects of the GM crops that have already been cleared or are under field trials. GEAC made a series of allegations against Bhargava and held him responsible for the malicious and distorted views on the regulatory process that appeared in the media periodically. Mr. Bhargava refuted the allegations and said that GEAC's meetings minutes would state his inputs. Additionally, he explained that he has submitted a comprehensive list of the risks of GMOs with suggestions on their assessment in an objective and transparent manner. (Source: The Times of India, 08/30/08)

BOOM ATTRACTS WINE IMPORTERS, GOVERNMENT POLICIES DRIVE THEM AWAY

The wine industry in India is going through a boom phase but some importers are shutting down their operations because of fluctuating policies of various state governments and ever-increasing taxes. According to one wine consultant, each state in India is like a separate country with its own taxes and regulations for liquor trade. The Maharashtra government changed its excise policy at least four times in the past twelve months, which resulted in decreased sales for nearly three months. The government also levied 200 percent excise duty, apart from 150 percent customs duty, which imported liquor attracts in India. Importers are now moving away from the states of Maharashtra and Karnataka to the North, hoping that they may not face the same tax burden in other states. One of the importers stated that it can be a good learning experience for the ones who decide to stay in business, but for this they need to be prepared and should have patience and deep pockets. (Source: Business Line, 08/30/08)

COTTON MSP RAISED BY 40 PERCENT

The government has notified an increase in the minimum support price (MSP) for cotton by 33 to 40 percent for the coming cotton year beginning October 01, 2008. The decision to raise the MSP was taken last month amidst opposition from the textile industry. The notification regarding the hike in MSP was made on September 1. "The raise became

necessary due to an increase in input costs and an overall rise in cotton prices," a senior official in the textile ministry said. Industry players said that the government's decision to raise the MSP would have an adverse impact and would lead to closure of many of the textile mills. The MSP of the medium staple cotton, which includes the popular Shankar variety, has been raised by 40 percent to Rs 2,500 per 100 Kg. The MSP last year was Rs 1,750 to 1,800. The MSP for long staple fiber was raised to Rs 3,000 per 100 kg from Rs 2,250 in 2007/08 season. (Source: The Economic Times, 09/05/08)

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
IN8098	India: Livestock and Products	09/02/08
IN8101	Weekly Highlights & Hot Bites, #35	08/29/08
IN8102	India: Cotton and Products: Quarterly Update - September	09/02/08
IN8104	Monsoon Update (9)	09/04/08

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